

*See box, page 94, for representative indexes.

Rates of Interest

As of November 20, 2020

Government Obligations¹

Fed Funds Rate	0.09%
3-Month Treas. Bill	0.09%
10-Yr. Treas. Note	0.88%
30-Yr. Treas. Bond	1.62%
10-Yr. TIPS	-0.82%
Muni Bonds - Nat'l 10-Yr.	0.90%

Mortgage Rates²

15-Yr Fixed	2.28%
30-Yr Fixed	2.72%

Banking³

Savings	0.05%
Money Market	0.07%
12-month CD	0.17%

[1] Federal Reserve, fmsbonds.com. Annualized Rates. Notes, bonds, TIPS reflect yield to maturity.

[2] Freddie Mac. Average (National average mortgages with 0.6 points).

[3] FDIC. Average national rates, non-jumbo deposits (<\$100k).

The Limits of Investment Knowledge

Successful investing is unlike many other endeavors. Because investment outcomes can be random and unpredictable, learning more and trying harder don't necessarily lead to better results.

Contrast that with activities in which working harder statistically leads to better results. Some people like running. The average runner might run a few times a week in the summer, and maybe a couple of times a week in the winter, weather permitting. To get better at running, the answer is simple – practice more. A runner can eat better, increase training frequency and distances, and research and develop a training plan to increase speed and endurance. One could also incorporate strength training and eat better. To be very competitive, one could even hire a coach.

This isn't necessarily the case for investors. While it's important to have a basic of understanding of markets, additional knowledge doesn't assure better results. Once you master the fundamentals, there isn't much you can do in hope of outguessing the market with any consistency. It's said that Warren Buffett only makes a handful of investment decisions every year, utilizing about five or six fundamental data points. He can assess an investment in a few hours. He doesn't need to spend his days agonizing over the direction of markets.

Consider actively managed mutual funds as an example. Typically, these mutual funds are managed by highly trained financial experts. They spend their days analyzing individual companies in an attempt to identify those that will outperform the market. Mutual fund management companies often hire top-of-class graduates of elite business schools. Analysts have tremendous analytical capacity, utilizing sophisticated and often proprietary technology to create complex statistical models when evaluating the companies under consideration.

Despite their all of their knowledge, training, and effort, data reveal that, on average money managers fail to outperform their benchmark indexes. According to the semi-annual SPIVA study, almost 80 percent of all large cap U.S. equity mutual funds underperformed their benchmark index (the S&P 500) over the last five years. Harder work, greater expertise, and state of the art technology simply doesn't ensure success.

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This reality is tough to accept, especially for accomplished people. Doctors advance their abilities through years of practice. Engineers need years of training and practice before they are ready to build a bridge. Tiger Woods reportedly started playing golf at age three and practiced constantly. Those of us who aren't engineers, doctors, or pro golfers wouldn't dream of building a bridge, performing surgery, or winning the Masters.

This begs the question: Why pay up for a professional money manager? A

good investment advisor will acknowledge the futility of trying to outperform the collective wisdom of the market and focus instead on the client. For many investors this personal understanding and guidance is well-worth paying for.

A true professional will first and foremost maintain a well-diversified portfolio customized around certain asset classes suited to the client's goals and capacity to withstand volatility. A sound plan based on empirical research is the best way to avoid the dangerous tempta-

tion to act impulsively. The advisor will also bring financial planning expertise regarding taxation, income planning, and future family wellness, all the while keeping a wary eye on the corrosive effects of investment-related costs.

In a nutshell, a good advisor will focus on your financial objectives rather than his or her forecasting prowess. The true professional will strive relentlessly to provide discipline, diversification, and financial planning at a cost intended to fall below industry averages.

THE PRE-RETIREMENT CHECKLIST: INSURANCE AND ANNUITIES

This is the fifth article in our series on planning for retirement. Investors approaching retirement should reevaluate their risks in retirement. Insurance policies of all types should be reviewed, with particular emphasis on currently owned life insurance policies. Immediate annuities can play a valuable role as a source of supplemental income.

Term Life Insurance

Life insurance is a critical risk management device for working people with families. Life insurance can provide the peace of mind that a surviving spouse and children of a worker will have the assets and income they need if the worker were to pass away. For young and healthy people, life insurance is a relatively low cost way to provide this protection in the event of such a catastrophe.

Pre-retirees should reassess their current life insurance needs, and think about what to do with any policies currently in force. Although there are a variety of life insurance products available, they generally fall into two buckets: those with a cash value and those without.

Life insurance without cash value is usually called "term life" or "group term life" insurance. This provides a death benefit only, so it does not include an investment component. It does not carry any value except the lump sum paid in the event the insured passes away before the end of the stated term (such as 20 years from the issue date). Individually owned term policies are common, as are group term life insurance, which is often provided as an employment benefit.

Since it expires at the end of the term, this life insurance can generally be purchased at a relatively low cost. For

example, a healthy 35-year old can buy a \$500,000, 20-year term life policy for a few hundred dollars per year. There is a good chance that the policy will expire worthless after 20 years, but such a policy is affordable and offers an easy-to-understand benefit. However, life insurance policies get more expensive for older people or those in poor health.

If you are approaching retirement, re-familiarize yourself with the terms of any term insurance you own, especially when the coverage period is slated to end. If you no longer need coverage, you can eliminate your current premiums with little risk.

Cash Value Life Insurance

Cash value policies are more complicated. The most common type is called "whole life," but there are variations called variable life and universal life.

Whole life policies do not expire after a set term if the policy is kept in force; the death benefit extends over the entire (whole) life of the insured. These policies offer a death benefit and an investment component known as the cash value. This cash value is potentially accessible for spending needs in retirement. Since there is a cash value and these policies do not expire, these policies are more expensive than term life policies.

There are a range of life insurance products with numerous ways to access cash value. These go beyond the scope of this article. The important question to ask as you approach retirement is whether and when you might need to access the accumulated cash value.

You'll first have to decide whether and how long you want to keep death benefits. You may decide the death benefit is an important part of your estate

plan, and you want to leave it to your heirs, in which case you will keep the policy in force.

If you have decided that the death benefit from a whole life policy is not a primary objective, you may consider cashing out the policy. There will likely be tax consequences if you do so, so consult a tax professional as well as the insurance company. It may be that you can cash out part of the policy cash free and re-invest the proceeds, which will help bolster your retirement savings. Don't let inertia keep you from making a change.

Annuity Basics

Annuities are of two basic types, immediate and deferred. *Immediate annuities* allow investors to make a lump-sum purchase of an income stream that will continue for a certain period, often the remainder of the annuitant's life. It is an insurance product that essentially guarantees the annuitant will never outlive his income. Insurance companies offer many payout variations, such as joint and survivor annuities, that ensure payments will continue after the death of the primary annuitant.

That's a valuable idea, especially if you live a long time. The insurance company is willing to offer this deal because some annuitants will surely live longer than others. Of course no one knows the longevity of any individual one in the "risk pool", but on average, insurers can promise to pay benefits to everyone because of the statistical likelihood that some people will not live a long time. In a way, people who die at a younger age end up paying for those who live a long time.

The simplest version of an immediate annuity is called a single premium immediate annuity, or SPIA. For example, if

Checklist: Preparing for Social Security

- ✓ Research whether you have existing life insurance. If your policy or policies carry a cash value, start to think about how the death benefit and cash value might fit in with your overall financial objectives. Consider whether to stop paying premiums if you decide it is no longer a primary objective.
- ✓ If you determine that you will need to access the cash value in your life insurance policy, start to talk with the insurance company about how to access it. Understand payout options and taxation.
- ✓ Look at your investments and see whether you are holding any deferred annuities. Talk with the insurance company about how to potentially annuitize these accounts or simply take a lump sum, and understand all associated costs, including taxes. Don't let it languish for too long.
- ✓ If you are considering the purchase of an annuity to remove some investment risk, do your research. Annuities can be complicated and costly. If you are looking for a simple product to provide income, consider a Single Premium Immediate Annuity.
- ✓ Review your other insurance coverage such as homeowner's, auto, and umbrella liability. Make sure that you have adequate coverage for your assets.
- ✓ If you plan to continue working, make sure you have adequate disability coverage.

you put \$100,000 into a SPIA at age 65, the insurer might be willing to pay you \$5,000 per year forever. If you die young, you "lose the bet", but if you live to 100, this ends up being a good deal. SPIAs are simple and low-cost. They are considered fixed annuities because the income stream is a contractually stated amount. If you think you want more guaranteed income in retirement, it may be worth exploring SPIAs.

Immediate annuities can also have payouts that are variable, in which case the underlying assets are typically invested in stocks and bonds. The advantage of market-based payouts is that they have good prospects for payments that will at least keep pace with the cost of living. The down side is that payments from year-to-year can be highly volatile.

Deferred annuities on the other hand, do not provide income until at least a year (often many years) after the investment is made. During the accumulation phase, investors make a lump-sum purchase or periodic payments in an investment subaccount, which grows tax-

deferred.¹ When the payout phase begins, the annuitant may choose to annuitize the account, or withdraw funds as needed. If annuitized, part of each payment will be tax-free depending on the annuitant's life expectancy and the size of his after-tax purchase payments. Withdrawals, on the other hand, are fully taxable at the owner's marginal tax rate until all the earnings have been paid out; subsequent withdrawals of principal are tax-free.

Deferred annuities are of two general types, fixed and variable. During the accumulation phase fixed annuities earn interest at a rate that is adjusted periodically by the insurance company, while the returns on variable annuities depend on the investment performance of the underlying subaccounts. In this respect variable annuities are very similar to mutual funds.

Pre-retirees and Annuities

We often encounter clients who own deferred annuities, but with "no rhyme nor reason" regarding the con-

tract's role in an investment portfolio. Typically these are deferred variable annuities. All too often we encounter products with unneeded features, high fees, and prohibitive surrender penalties. The important thing to know is how a deferred annuity is intended to fit within your retirement plan. What payout options are available and how will that income supplement Social Security and other pension income?

If you hold an annuity that is not well integrated with your plan, don't let it languish. Insurance companies would love to keep your money forever, but it's your money. Contact the company directly and start asking questions about all associated costs, how the value can be accessed, and how much income it might provide in retirement.

If you're considering whether to purchase an immediate annuity as a supplementary source of retirement income, do your research. There are many products available and they can be difficult to understand for even experienced investors.

Pros and Cons

Annuities and life insurance can be a divisive topic among financial planners. Many planners discourage the use of annuities under any circumstances, while others use them as a primary planning vehicle. While these insurance contracts tend to be a more expensive option than simply investing your money in retirement account, they can be a useful part of a holistic retirement plan.

Whole life policies offer conservative investment growth in addition to a death benefit while you're working. One way to think of a whole life policy is to consider it a conservative part of your overall portfolio of retirement assets. This means that you can take a little more risk, potentially, with your other retirement assets. It also means that you should develop a plan to spend from the policy in retirement. Unfortunately, these policies are often sold as a standalone entity instead of as a piece to a more comprehensive plan. They are too often forgotten or unused.

Annuities can also be useful in creating a guaranteed source of income in retirement. It can be comforting to know

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1. This favorable tax treatment is granted because these products provide an element of insurance known as the guaranteed death benefit, which provides downside protection of the owner's investment. Typically the owner's heirs receive the greater of the current market value of the annuity subaccount or the owner's original investment.

you have a guaranteed cash flow, so annuities can help fill the gap between Social Security and retirement spending needs. Although annuities are often more expensive than other investment products, they are better than not investing at all.

It is worth considering a SPIA if you are afraid of market risk in retirement. When retirement begins, even a partial conversion of assets to one of these simple, low-cost annuities can help shore up basic retirement needs. To repeat: unlike immediate variable annuities, most SPIAs are vulnerable to a loss of purchasing power over time.

Review other Insurance

Homeowner's, auto, umbrella liability, and disability Insurance can be critically important to ensuring peace of mind. While the various aspects and features available go beyond the scope of this article, most policies are not hard to understand, and in our experience most household investors can make sound decisions if they read carefully and proceed methodically.

Pre-retirement is a good time to review your coverage in these areas. Ask yourself whether you still need it, and if so whether it is adequate. You may want to shop around to see whether a better rate is available.

If you own a home or auto, homeowner's and auto insurance policies are prudent and likely required. Homeowner policies include liability insurance, but you may consider umbrella liability insurance if you have net worth in excess of that coverage. Umbrella insurance is a relatively low-cost product.

Disability insurance is critically important during your working life, but it will become less important as you approach retirement. If you need to work longer in order to save up enough for retirement, make sure you have disability coverage in those last years, since that is when you are most likely to need it. Many employers extend the opportunity to participate through group plans.

PLANNING FOR COLLEGE: THE BASICS OF FINANCIAL AID

This article is second in our series on planning for college. We break down the complex methodologies families may encounter when applying for financial aid. Subsequent articles will recommend planning techniques and other strategies for optimizing financial aid eligibility.

Rising college costs prompt most families with college-bound children to confront America's complex financial aid system. Parents encounter esoteric rules, paperwork, and delays. Very few people understand the process completely. As a result, many families compromise financial aid eligibility before the process even begins. An adequate understanding of these calculations is a critical step in each family's preparation.

A student's "Expected Family Contribution" (EFC) determines financial aid eligibility. There are four inputs to the EFC calculation: income, non-retirement assets, family size, and the number of household residents attending college during a particular school year. Once calculated, the student's EFC is subtracted from a college's total cost of attendance. If a student's EFC is lower than the college's cost of attendance, he or she is eligible for need-based financial aid.

There are two means of calculating financial aid eligibility: the federal methodology and the institutional methodology. The federal methodology is used by most public colleges and many private colleges. The federal methodology uses the basic FAFSA form and determines access to federal grants, loans, work-study

funds, and other types of governmental assistance.

The institutional methodology requires an additional form called the CSS Profile. Many pricier private colleges use the institutional methodology to determine how much non-federal aid a student will receive. Non-federal aid may come in the form of state grants, loans, scholarships, and tuition assistance. Most college planning strategies apply to both the federal and institutional methodologies, though there are some key differences. The CSS Expected Family Contribution is calculated independently of your FAFSA Expected Family Contribution. The CSS Profile has no impact on how much federal aid you receive, and vice versa.

EFC contributions not only vary at the federal and institutional levels, but between colleges as well. Colleges are known to use the institutional methodology differently when calculating aid. Moreover, a subset of the institutional methodology, called the consensus methodology, emerged recently. The consensus methodology is used by 21 "need-blind" colleges.¹ First adopted in 1998, the consensus methodology aims to bring greater transparency and simplicity to the financial aid process. Member schools seek to reduce variance in financial aid calculations by adopting a common standard for institutional aid analysis. Consensus schools, also known as the 568 Presidents' Group, include highly selective institutions such as Columbia University, Dartmouth College,

and Middlebury College. The consensus methodology requires the CSS Profile. Therefore, there are two financial aid forms but three methodologies for calculating one's expected family contribution.

Assets and Income

Financial aid eligibility is inversely related to a family's assets and income, regardless of methodology. The greater one's assets and income, the lower one can expect in terms of financial aid.

There are more similarities than differences between the three methodologies. Financial aid calculations are typically most generous with regard to parent-owned assets. Student-owned assets are assessable at rates of 20-25 percent under the federal and institutional methodologies, while parental assets are assessed at rates of 5-5.64 percent. The consensus methodology, however, makes no distinction between student and parent-owned assets; it assesses both parent and student assets at a rate of 5 percent.

Income is assessed on a sliding scale. Under the federal methodology, parental income above certain thresholds is assessed progressively at rates of 22 percent to 47 percent. The actual amount considered depends upon your "aid bracket", which takes into account the number of household residents and children attending college. Similarly, the institutional methodology applies a lower assessment rate of 23 percent to the first dollars of unprotected income. The

1. "Need-blind" refers to an admissions policy in which applicants are judged solely on their merits rather than their ability to pay tuition costs.

institutional methodology's assessment rate increases on a marginal basis before topping out at 47 percent.

The federal methodology is more generous toward parental income than student income. Student income over \$6,420 is calculated at a flat 50 percent rate. The institutional methodology, on the other hand, assesses student income according to the same marginal rates as their parents. Regardless of the methodology employed, the bottom line is fairly simple. More income means less financial aid.

Both the CSS profile and the FAFSA form assess "prior-prior year" income for parents and students. Put simply, current high school seniors applying for aid in the 2021-2022 school year will use income tax information from their parents' 2019 tax returns. It is also worth noting that both federal and institutional aid are calculated using adjusted gross income, rather than taxable income. This means that 401k and IRA contributions will still be included as "income" in financial aid calculations. Any balances owned in these retirement plans are not assessed as an asset, however. Moreover, the institutional methodology does not allow certain losses and adjustments that can be used to boost federal aid eligibility. Neither paper depreciation nor business, rental, or capital losses can be subtracted from family income under the institutional methodology.

These methodologies contain savings allowances that can reduce a family's includible assets in financial aid calculations. The 2020 FAFSA asset protection allowance permits parents to shelter up to \$9,400 of their assets from financial aid calculations. The CSS Profile offers two additional savings allowances to eligible families: the Emergency Reserve Allowance and the Education Savings Allowance. The Emergency Reserve Allowance is based on family size and represents six months of average family expenses. The Cumulative Education Savings Allowance reduces countable assets by an amount equal to a specified percentage of yearly income for each child, which is intended to encourage parents to save for tuition costs without penalty. Student assets are not afforded a savings allowance under the three methodologies.

While families generally encounter more similarities than differences among the three methodologies, each formula arrives at one's expected family contri-

bution somewhat differently. The federal methodology is generally considered to be the most generous. FAFSA excludes your home, farm, and small business in its asset assessment. Moreover, FAFSA exempts all assets for eligible families earning less than \$50,000 per year in adjusted gross income. Another notable difference pertains to home equity. While the federal methodology excludes home equity from EFC calculations, home value is includible in the institutional and consensus methodologies. However, home equity is capped at 1.2 times the parents' adjusted gross income under the consensus methodology.

The federal methodology offers an additional exception called the "Auto-to-Zero EFC", which automatically sets one's Expected Family Contribution to zero if a dependent student's parents earn less than \$26,000. FAFSA extends an additional perk to certain divorced families, as the federal methodology only assesses the income of the custodial parent. Allowances, exemptions, and other lesser-known quirks will be detailed in the series' next article: "Optimizing Financial Aid Eligibility".

Applying the Formulas

It is no easy task to grasp each college aid formula. Major discrepancies in aid dispersion compound this confusion. To recap: one's EFC determines aid eligibility. If the EFC is less than the yearly cost of a college, a family or student is entitled to the difference as financial aid.

However, aid eligibility does not always translate to aid received. Take federal aid. FAFSA calculations may determine that a family is eligible for \$40,000 in yearly federal aid. Federal aid, however, can come in the form of grants, fixed-interest student loans, and federal work-study programs. Not all federal aid is made equal, and it is imperative that families understand exactly what they receive (or owe). The type of aid that each family receives is impacted by multiple factors that

fall beyond the scope of this article. We encourage families to consult an educational professional or financial planner for a more nuanced understanding.

Institutional aid is also plagued by inconsistencies. The CSS Profile may determine that the same family's Expected Family Contribution is \$20,000. If the student's top choice private college costs \$70,000 per year, the family is eligible for \$50,000 in institutional aid. Seems simple enough, right? Well, each college will distribute this aid very differently according to its financial status. For example, a cash-strapped institution may disperse these funds entirely in the form of loans. A moderately well-off college or university could distribute a mixture of grants or loans to the family. The nation's most affluent institutions, such as Harvard, will likely distribute this aid exclusively as a grant.

It behooves family to learn these intricate college aid formulas. Perhaps more importantly, families should know exactly what type of aid they are receiving. We encourage families to study aid packages intently to avoid unwanted debts. Cost benefit analyses are equally crucial in the evaluation process. Ensure that any debt undertaken is manageable.

Future articles will discuss strategies for maximizing financial aid eligibility. The unfortunate reality is that while the financial process cannot be easily "gamed", it can nonetheless be lost. Prudent asset-structuring and income optimization strategies can maximize financial aid eligibility. At the very least, conscious planning will prevent otherwise sophisticated families from missing out on aid to which they may well be entitled.



"How much would it cost if I don't take classes but just live in a dorm with a meal plan?"

CartoonCollections.com

THE HIGH-YIELD DOW INVESTMENT STRATEGY

HYD Model Portfolio

As of November 15, 2020

	Rank	Yield (%)	Price (\$)	Status	—Percent of Portfolio—	
					Value (%)	No. Shares (%) ¹
Chevron	1	6.21	83.03	Buying	14.74	10.63
IBM	2	5.58	116.85	Holding**	24.05	12.33
Dow, Inc.	3	5.39	51.97	Holding**	30.80	35.52
Walgreen Boots	4	4.38	42.71	Buying	4.97	6.97
Verizon	5	4.11	61.06	Selling	11.33	11.12
Exxon Mobil	NA	9.88	36.08	Selling	14.11	23.43
Cash (6-mo. T-Bill)	N/A	N/A			0.01	N/A
Totals					100.00	100.00

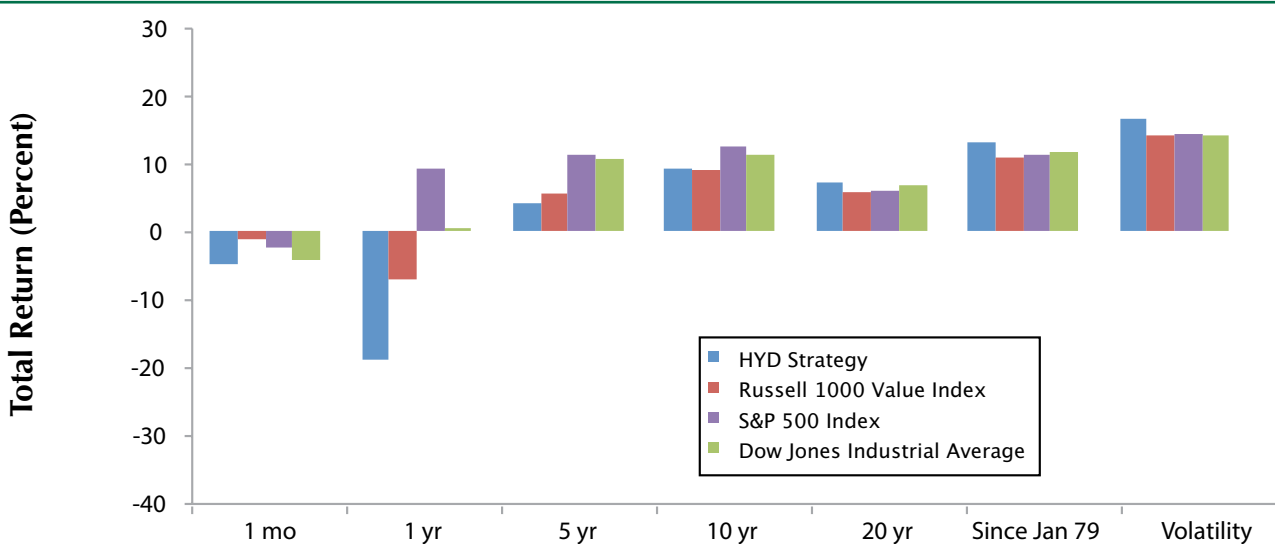
**Currently indicated purchases approximately equal to indicated purchases 18 months ago. ¹Because the percentage of each issue in the portfolio by value reflects the prices shown in the table (closing prices on the date indicated), we are also showing the number of shares of each stock as a percentage of the total number of shares in the entire portfolio.

Subscribers can find a full description of the strategy and methodology in the “Subscribers Only” (Log in required) section of our website: www.americaninvestment.com.

Comparative Hypothetical Total Returns (%) and Volatility

The data presented in the table and chart below represent total returns generated by a hypothetical HYD portfolio and by benchmark indexes for periods ending October 31, 2020*. Returns for the 5-,10- and 20-year periods and since 1979 are annualized, as is the volatility (standard deviation) of returns.

	<u>1 mo.</u>	<u>1 yr.</u>	<u>5 yrs.</u>	<u>10 yrs.</u>	<u>20 yrs.</u>	<u>since Jan 79</u>	<u>Volatility since 1979</u>
HYD Strategy	-5.11	-19.83	4.28	9.57	7.56	13.74	17.45
Russell 1000 Value Index	-1.31	-7.57	5.82	9.48	6.01	11.39	14.73
S&P 500 Index	-2.66	9.71	11.71	13.01	6.30	11.79	15.03
Dow Jones Industrial Average	-4.52	0.34	11.12	11.82	7.06	12.16	14.89



*Data assume all purchases and sales at mid-month prices (+/-\$.125 per share commissions), reinvestment of all dividends and interest, and no taxes. Model HYD calculations are based on hypothetical trades following a very exacting stock-selection strategy. They do not reflect returns on actual investments or previous recommendations of AIS. Past performance may differ from future results. Historical performance results for the Russell 1000 Value Index, the Dow Jones Industrial Average and the S&P 500 Index do not reflect the deduction of transaction and/or custodial charges, or the deduction of an investment-management fee, the incurrence of which would have the effect of decreasing historical performance results. HYD Strategy results reflect the deduction of 0.725% management fee, the annual rate assessed to a \$500,000 account managed through our Professional Asset Management service.

Unless otherwise specified returns and data cited within this publication are derived from the following sources: U.S. stock benchmarks: U.S. Marketwide - Russell 3000 Index; U.S. Large Cap Stocks - Russell 1000 Index; U.S. Large Cap Value - Russell 1000 Value Index; U.S. Large Cap Growth - Russell 1000 Growth Index; U.S. Midcap Stocks - Russell Midcap Index; U.S. Small Cap Stocks - Russell 2000 Index; U.S. Small Cap Value - Russell 2000 Value Index; U.S. Small Cap Growth - Russell 2000 Growth Index; U.S. Microcaps - Russell Microcap Index. Fixed income benchmarks: Cash & Equivalents - ICE BofAML US 3-Month Treasury Bill Index; U.S. Short-Term Investment Grade - Bloomberg Barclays US Government/Credit Bonds Index 1-5 Years; U.S. Bonds - Bloomberg Barclays US Aggregate Bond Index; U.S. Government Bonds - Bloomberg Barclays US Government Bond Index; TIPS - Bloomberg Barclays US TIPS Index; Municipal Bonds - Bloomberg Barclays Municipal Bond Index 5 Years; Foreign Bonds (hedged) - FTSE Non-USD World Government Bond Index 1-5 Years (hedged to USD). Foreign stock benchmarks: All returns in U.S. dollars. Developed Markets - MSCI World ex USA Index (net div.); Developed Markets Value - MSCI World ex USA Value Index (net div.); Developed Markets Growth - MSCI World ex USA Growth Index (net div.); Developed Markets Small Cap - MSCI World ex USA Small Cap Index (net div.); Developed Markets Small Cap Value - MSCI World ex USA Small Value Index (net div.); Developed Markets Small Cap Growth - MSCI World ex USA Small Growth Index (net div.); Emerging Markets - MSCI Emerging Markets Index (net div.); Emerging Markets Value - MSCI Emerging Markets Value Index (net div.). Real estate benchmarks: Global REITs - S&P Global REIT Index (net div.); U.S. REITs - S&P United States REIT Index (gross div.); International REITs - S&P Global ex US REIT Index (net div.). Gold benchmark: Gold London PM Fix Price. All data from DFA Returns 2.0 program, except Gold data from World Gold Council and Currency data from St. Louis Federal Reserve. Country performance provided by Dimensional Fund Advisors, based on respective indexes in the MSCI All Country World ex USA IMI Index (for developed markets) and MSCI Emerging Markets IMI Index. Sector returns represented by S&P 500 sectors.

RECENT MARKET STATISTICS

Precious Metals & Commodity Prices (\$)						Recent Market Returns							
	11/15/20	Mo. Earlier	Yr. Earlier	Prem. (%)	Data through October 31, 2020								
					U.S. Stocks (Mktwd)	Foreign Dev. Stocks	Foreign Emerg. Stocks	Global REITs	U.S. Bonds	Foreign Bonds (hedged)	Gold		
Gold, London p.m. fixing	1,890.90	1,891.90	1,466.90		-2.16%	-3.93%	2.06%	-3.10%	-0.45%	0.20%	-0.37%		
Silver, London Spot Price	24.24	23.94	16.87		↓	↓	↑	↓	↓	↑	↓		
Crude Oil, W. Texas Int. Spot	39.93	40.84	57.54		↑	↓	↑	↓	↓	↑	↓		
Coin Prices (\$)¹						3-month	1.11%	-1.82%	2.64%	-4.57%	-1.30%	0.35%	-4.91%
American Eagle (1.00)	1,971	1,972	1,482	4.25	↑	↓	↑	↓	↓	↑	↓		
Austrian 100-Corona (0.9802)	1,853	1,854	1,432	0.00	↑	↓	↑	↓	↓	↑	↓		
British Sovereign (0.2354)	445	445	345	0.00	1 year	10.15%	-6.79%	8.25%	-22.87%	6.19%	1.85%	24.18%	
Canadian Maple Leaf (1.00)	1,936	1,937	1,477	2.38	↑	↓	↑	↓	↓	↑	↑		
Mexican 50-Peso (1.2057)	2,280	2,281	1,761	0.00	5 year (annualized)	11.48%	2.98%	7.92%	0.45%	4.08%	2.28%	10.47%	
Mexican Ounce (1.00)	1,909	1,910	1,485	0.95	↑	↑	↑	↑	↑	↑	↑		
S. African Krugerrand (1.00)	1,936	1,937	1,474	2.38	15 year (annualized)	9.11%	3.66%	6.43%	3.70%	4.51%	2.75%	9.72%	
U.S. Double Eagle-\$20 (0.9675)					↑	↑	↑	↑	↑	↑	↑		
St. Gaudens (MS-60)	1,907	1,992	1,457	4.24	Best and worst one-year returns, Jan. 2001 - Oct. 2020								
Liberty (Type II-AU50)	1,918	2,022	1,467	4.84	Best	56.0%	57.2%	91.6%	85.7%	13.8%	7.1%	54.6%	
Liberty (Type III-AU50)	1,893	1,997	1,442	3.47	During:	03/2009-02/2010	04/2003-03/2004	03/2009-02/2010	04/2009-03/2010	11/2008-10/2009	07/2008-06/2009	06/2005-05/2006	
U.S. Silver Coins (\$1,000 face value, circulated)					Worst	-43.5%	-50.3%	-56.6%	-59.5%	-2.5%	0.1%	-28.0%	
90% Silver Circ. (715 oz.)	16,946	19,631	12,529	n/a	During:	03/2008-02/2009	03/2008-02/2009	12/2007-11/2008	03/2008-02/2009	09/2012-08/2013	04/2010-03/2011	12/2012-11/2013	
40% Silver Circ. (295 oz.)	6,842	7,950	5,121	n/a									
¹Note: Premium reflects percentage difference between coin price and value of metal in a coin. The weight in troy ounces of the precious metal in coins is indicated in parentheses. Premiums will vary; these indicated premiums are provided in The CDN Monthly Greysheet.													

THE DOW JONES INDUSTRIALS RANKED BY YIELD*

Ticker Symbol	Market Prices (\$)			12-Month (\$)		Latest Dividend Amount (\$)	Record Date	Payable Date	Indicated Annual Dividend (\$)	Yield (%)	
	11/15/20	10/15/20	11/15/19	High	Low						
Chevron	CVX	83.03	73.51	120.64	122.72	51.60	1.290	11/18/20	12/10/20	5.160	6.21
IBM	IBM	116.85	124.89	134.40	158.75	90.56	1.630	11/10/20	12/10/20	6.520	5.58
Dow Chemical	DOW	51.97	49.01	54.86	56.28	21.95	0.700	11/30/20	12/11/20	2.800	5.39
Walgreen's	WBA	42.71	37.64	62.14	61.27	33.36	0.468	11/19/20	12/11/20	1.870	4.38
Verizon	VZ	61.06	58.16	59.51	62.22	48.84	0.627	10/9/20	11/2/20	2.508	4.11
Cisco	CSCO	41.40	39.97	45.09	50.28	32.40	0.360	10/2/20	10/21/20	1.440	3.48
3M Company	MMM	169.79	169.08	171.88	182.55	114.04	1.470	11/20/20	12/12/20	5.880	3.46
J P Morgan	JPM	114.08	101.72	129.53	141.10	76.91	0.900	10/6/20	10/31/20	3.600	3.16
Coca-Cola	KO	53.45	49.99	52.67	60.13	36.27	0.410	12/1/20	12/15/20	1.640	3.07
Merck	MRK	81.09	79.06	84.90	92.64	65.25	0.610	12/15/20	1/8/21	2.440	3.01
Intel Corp	INTC	45.46	53.85	57.96	69.29	43.61	0.330	11/7/20	12/1/20	1.320	2.90
Amgen	AMGN	237.36	235.01	220.86	264.97	177.05	1.600	11/16/20	12/8/20	6.400	2.70
Johnson & Johnson	JNJ	149.90	147.19	134.94	157.00	109.16	1.010	11/24/20	12/8/20	4.040	2.70
Travelers	TRV	134.63	112.64	133.57	141.87	76.99	0.850	12/10/20	12/31/20	3.400	2.53
McDonald's	MCD	213.28	229.64	193.97	231.91	124.23	1.290	12/1/20	12/15/20	5.160	2.42
Caterpillar	CAT	171.71	165.04	145.31	176.37	87.50	1.030	10/26/20	11/20/20	4.120	2.40
Goldman Sachs	GS	219.08	208.60	220.25	250.46	130.85	1.250	12/2/20	12/30/20	5.000	2.28
Proctor and Gamble	PG	144.28	143.83	120.54	146.92	94.34	0.791	10/23/20	11/16/20	3.164	2.19
Home Depot, Inc.	HD	277.17	287.54	237.29	292.95	140.63	1.500	9/3/20	9/17/20	6.000	2.16
Honeywell	HON	201.54	172.61	181.75	210.00	101.08	0.930	11/13/20	12/4/20	3.720	1.85
American Express	AXP	114.99	104.43	120.76	138.13	67.00	0.430	10/9/20	11/10/20	1.720	1.50
Wal-Mart Stores	WMT	150.54	144.53	118.87	153.40	102.00	0.540	12/11/20	1/4/21	2.160	1.43
Unitedhealth Group	UNH	355.67	324.57	269.40	367.95	187.72	1.250	12/7/20	12/15/20	5.000	1.41
Microsoft Corp.	MSFT	216.51	219.66	149.97	232.86	132.52	0.560	11/19/20	12/10/20	2.240	1.03
Nike	NKE	128.28	129.00	93.04	136.35	60.00	0.245	8/31/20	10/1/20	0.980	0.76
Apple	AAPL	119.26	120.71	265.76	137.98	53.15	0.205	11/9/20	11/12/20	0.820	0.69
Walt Disney	DIS	138.36	127.36	144.67	153.41	79.07	0.880	12/16/19	1/16/20	0.880	0.64
Visa Inc.	V	210.48	199.55	179.77	217.65	133.93	0.320	11/13/20	12/1/20	1.280	0.61
Salesforce	CRM	249.51	257.72	163.21	284.50	115.29	0.000	No dividend		0.000	0.00
Boeing	BA	187.11	164.24	371.68	374.77	89.00	0.000	Dividend suspended		0.000	0.00

* Based on indicated dividends and market price as of 11/15/20. Extra dividends are not included in annual yields.

All data adjusted for splits and spin-offs. 12-month data begins 11/15/19.

ASSET CLASS INVESTMENT VEHICLES

Data as of October 31, 2020

Fixed Income

	Security Symbol(s) (1)	Avg. Market Cap / Avg. Maturity	Number of Holdings	Expense Ratio (%)	Turnover (%)	Price-to-Book Ratio	Trailing 12-Mo. Yield (%)	Annualized Returns (%)			Tax Cost Ratio - 3 Years (%) (3)
								1-Year	3-Year	5-Year	
Short-Term Bonds	Vanguard Short-Term Bond Adm	2.90 yrs	2656	0.07	44		1.89	4.63	3.41	2.53	0.83
Short-Term Bonds	SPDR Portfolio Short Term Corp Bd ETF	1.94 yrs	1079	0.07	54		2.21	3.78	3.23	2.67	0.99
Short-Term Bonds	iShares 1-3 Year Treasury Bond ETF	1.89 yrs	85	0.15	56		1.29	3.08	2.52	1.69	0.68
Interm-Term	Vanguard Total Bond Market Adm	8.50 yrs	18343	0.05	31		2.33	6.54	5.05	4.06	1.08
Interm-Term	iShares Core US Aggregate Bond ETF	7.78 yrs	8263	0.04	108		2.30	6.02	4.94	3.96	1.04
Tax-Exempt	Vanguard Ltd-Term Tax-Exempt Inv	0.00 yrs	6914	0.17	21		1.68	2.99	2.51	1.98	0.00
Tax-Exempt	SPDR Nuveen Blmbg Barclays ST MumBd ETF	2.99 yrs	1056	0.20	23		1.27	2.54	2.10	1.52	0.00
Tax-Exempt	Vanguard Interm-Term Tx-Ex Inv	0.00 yrs	10083	0.17	8		2.38	3.98	3.78	3.34	0.00
Inflation-Protected	iShares TIPS Bond ETF	8.40 yrs	48	0.19	17		1.00	9.02	5.34	4.26	0.82
Inflation-Protected	Vanguard Inflation-Protected Securities Inv	8.40 yrs	47	0.20	26		1.30	9.29	5.21	4.16	0.94
International	Vanguard Total International Bond Adm	9.90 yrs	6333	0.11	26		3.18	3.46	5.04	4.32	1.15

Real Estate (REITs)

U.S. REITs	Vanguard REIT Adm	17.49 B	182	0.12	6	2.21	3.86	-16.05	1.67	3.39	1.41
U.S. REITs	SPDR Dow Jones REIT	12.26 B	116	0.25	17	1.85	4.06	-25.30	-2.51	0.09	1.47
Int'l REITs	Vanguard Global ex-US Real Estate Adm (2)	5.53 B	724	0.12	7	0.80	7.75	-17.48	-2.59	1.91	1.85
Int'l REITs	iShares International Developed Property	5.60 B	408	0.48	8	0.79	7.97	-18.52	-2.54	1.18	1.92
Global (incl. U.S.)	SPDR Dow Jones Global Real Estate ETF	9.07 B	276	0.50	7	1.25	4.82	-24.71	-3.25	-0.80	1.50

U.S. Stocks

Large Cap (blend)	Vanguard S&P 500 Adm	154.89 B	514	0.04	4	3.14	1.77	9.35	10.42	11.67	0.46
Large Cap (blend)	iShares Core S&P 500	151.74 B	509	0.03	4	3.10	1.94	9.74	10.42	11.69	0.58
Large Cap (blend)	iShares Russell 1000 ETF	114.95 B	1016	0.15	5	3.04	1.61	10.82	10.53	11.66	0.54
Large Cap Value	Vanguard Value Adm	84.93 B	336	0.05	12	1.97	3.07	-7.42	3.01	7.21	0.65
Large Cap Value	iShares Russell 1000 Value	55.12 B	853	0.19	16	1.74	2.88	-7.61	1.82	5.68	0.76
Small Cap (blend)	iShares Core S&P Small-Cap ETF	1.48 B	607	0.06	16	1.32	1.65	-7.73	0.21	6.50	0.48
Small Cap (blend)	Schwab US Small-Cap ETF	2.51 B	1752	0.04	11	1.43	1.44	-0.37	2.39	6.97	0.53
Small Cap Value	Vanguard Small Cap Value Adm	3.74 B	899	0.07	19	1.19	2.22	-11.81	-1.82	4.09	0.59
Small Cap Value	iShares Russell 2000 Value	1.38 B	1462	0.24	25	0.91	2.20	-13.94	-4.15	3.65	0.66
Small Cap Value	iShares Micro-Cap	0.42 B	1267	0.60	24	1.19	1.26	2.91	0.27	5.81	0.39
Marketwide	Vanguard Total Stock Market Adm	91.79 B	3566	0.04	4	2.90	1.71	9.81	10.12	11.48	0.53
Marketwide	Fidelity Total Market Index	91.49 B	3437	0.02	11	2.89	1.73	9.60	10.03	11.43	0.85

Foreign Stocks

Developed Markets	Vanguard FTSE Developed Markets Adm	23.43 B	3989	0.07	2	1.33	2.50	-5.02	-0.81	3.62	0.78
Developed Markets	iShares Core MSCI EAFE ETF	23.54 B	2570	0.07	2	1.36	2.73	-5.63	-0.90	3.58	0.82
Emerging Markets	Vanguard Emerging Markets Stock Adm	29.43 B	4149	0.14	9	1.50	2.72	7.26	2.41	7.43	0.87
Emerging Markets	Schwab Emerging Markets Equity ETF	44.79 B	1538	0.11	13	1.56	3.09	6.21	2.59	7.89	1.02

Gold-Related Funds

Gold ETFs	SPDR Gold Minishares			0.18			0.00	23.99	n/a	n/a	0.00
Gold ETFs	GraniteShares Gold Trust			0.17			0.00	23.99	n/a	n/a	0.00

Data provided by the funds and Morningstar. (1) Some funds are available as mutual funds and ETFs, in which case both symbols are shown. In these cases, data represent the mutual fund. The ETF may offer a lower expense ratio and returns may deviate. For Vanguard funds, Adm indicates the Admiral share class is shown; Inv indicates the Investor share class is shown. (2) VGRXL includes a 0.25% fee on purchases and redemptions, which are paid directly to the fund. (3) This represents the percentage-point reduction in an annualized return that results from income taxes. The calculation assumes investors pay the maximum federal rate on capital gains and ordinary income. The calculation comes directly from Morningstar.

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